

Amherst ARPA Funds

January 2022

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Amherst ARPA Funds

- ▶ Amherst will receive just under \$1.2 million in ARPA funds
 - ▶ \$596,364.58 received already
 - ▶ \$596,364.58 to be received no sooner than June 2022
- ▶ This presentation summarizes
 - ▶ The types of expenditures allowed for ARPA funds
 - ▶ Several specifically prohibited expenditures
 - ▶ The most significant compliance, recordkeeping, and reporting requirements
 - ▶ Suggested next steps

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General Requirements on Fund Use

- ▶ Funds can be used for costs incurred from March 3, 2021 to December 31, 2024 (or until December 31, 2026 if obligated by December 31, 2024)
- ▶ Funds can be used only for costs in specified categories
- ▶ No further approval is required to expend funds, but
 - ▶ There are compliance steps required when expending funds
 - ▶ Records of expenditures must be maintained
 - ▶ Annual Reports are due beginning April 30, 2022
 - ▶ More on these points later

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Expenditure Categories

- ▶ Expenditure categories cover states, large cities, and small towns.
- ▶ Many categories are unlikely to apply to Amherst.
- ▶ One category, “Lost Revenue Replacement,” can be used for all \$1.2 million, offers the greatest flexibility to Amherst, and has the lowest compliance burden.
- ▶ Other categories are summarized in the following slides. The “Overview of the Final Rule” included in your packet includes greater detail on each category.
- ▶ We will prepare a follow-up with detailed information on requirements if categories other than Lost Revenue Replacement are of interest.

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Lost Revenue Replacement

- ▶ Replaces town revenue that Federal Government assumes would have been realized without the pandemic.
- ▶ Under Final Rule issued January 6, 2022, covers all \$1.2 million of Amherst's funds.
- ▶ Must be used for government services, which generally include any service traditionally provided by a government, unless Treasury has stated otherwise.
- ▶ Common examples:
 - ▶ Road building and maintenance, and other infrastructure.
 - ▶ Provision of police, fire, and other public safety services (including purchase of fire trucks and police vehicles).
 - ▶ General government administration, staff, and administrative facilities expenses.
 - ▶ Construction of public buildings.
- ▶ Unlike other categories, CAN be used for a required local match when applying for most, but not all, federal grants.

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Prohibited Expenditures

- ▶ Principal or interest on debt
- ▶ Replenish "rainy day" (contingency) funds
- ▶ Pay settlements or judgments
- ▶ Local cost match for federal grants (except when using Lost Revenue Replacement category)
- ▶ Pension fund deposits

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Public Health Expenditures

- ▶ Must be a public health expenditure in response to the pandemic.
 - ▶ Includes ventilation improvements to public buildings, PPE purchases, expenditures that allow for the continuity of government during the pandemic and reduce interruption of services.
 - ▶ May be used for paid family and medical leave for public employees related to COVID.
 - ▶ Also allows expenditures for mental health treatment, substance abuse, prevention and response to violence.
- ▶ Substantially greater compliance efforts required for many expenditures in this category
 - ▶ It is likely same expenditures could be made under Lost Revenue category.

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Negative Economic Impacts

- ▶ Must address a negative economic impact of the pandemic.
- ▶ Covers social welfare efforts to be used for low- or moderate-income households (about \$66k for family of three). Examples:
 - ▶ Food assistance, homelessness and certain affordable housing, cash assistance, job training.
- ▶ Covers assistance to impacted industries (e.g., travel, tourism and hospitality), small businesses and non-profits. Examples:
 - ▶ Loans or grants to cover costs, technical assistance and services to support business planning.
- ▶ Covers certain public employee hiring and compensation expenses.

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Premium Pay

- ▶ For essential, in-person (not tele-work), non-exempt workers in healthcare, education and childcare, transportation, sanitation, grocery and food production, public health and safety and similar fields.
- ▶ Premium pay capped at \$13/hour and \$25k/worker. Special justification also required if premium pay increases total wage to more than 150% of state or county average wage
- ▶ Can be paid retroactively for service before March 2021.

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Infrastructure

- ▶ Most categories are for public water and sewer systems.
- ▶ Stormwater projects
 - ▶ Eligibility broadened substantially in final rule. Includes culvert repair, resizing, replacement of storm sewers.
 - ▶ These expenditures can be made under the Lost Revenue Replacement Category with lower compliance burden.
- ▶ Broadband expenses must be for users not currently served with high-speed internet, and only for efforts that will not be reimbursed by other federal or state funding streams. Must provide 100 Mbps symmetrical or be scalable to do so. Providers must participate in low-income affordability programs.

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Compliance

- ▶ Numerous strings are attached to ARPA funds, especially those used outside the Lost Revenue Replacement category.
- ▶ Compliance will require time, attention to detail, and likely some cost.
- ▶ Compliance rules expected to change based on Final Rule. Examples of compliance requirements in Interim Rule:
 - ▶ Procurements must be full and open competition unless approved by Treasury. Contractors must be “responsible,” not suspended or debarred. Town must check suspension/debarment status.
 - ▶ Government policies must be imposed on many fund recipients through contract or agreement clauses (non-discrimination, drug-free workplace, lobbying restrictions, seat belt use, no texting while driving).
 - ▶ Town must check that benefits are not being duplicated. Examples: If funds are being used to purchase PPE, are other assistance sources already meeting that need? If a payment is proposed to a restaurant to offset negative economic impacts, have other programs (e.g., PPP) already covered that need?
 - ▶ Costs must be reasonable, allowable under federal rules, and properly allocable to the project.
 - ▶ Records must be retained for 5 years after all funds have been expended.

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Compliance

- ▶ Minimizing compliance risk and burden
 - ▶ Spending under the Revenue Replacement category
 - ▶ Fewer projects
 - ▶ Projects involving acquisitions of goods or services through competitive contracting

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Reporting

- ▶ Amherst must file reports beginning April 30, 2022, and annually thereafter.
- ▶ Reports include information on:
 - ▶ Projects
 - ▶ Expenditures
 - ▶ Project status
 - ▶ Project Demographic distribution (not for 2022 report, requirement to be phased in)
 - ▶ Subaward information, including contract awards
 - ▶ Civil rights compliance
 - ▶ Detailed information for expenditures in certain categories
- ▶ Reporting requirements expected to be revised based on Final Rule.

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What's Next?

- ▶ Formally accept funds.
- ▶ Establish categories of interest beyond Lost Revenue Replacement, if any.
- ▶ Further briefing on those categories and the requirements associated with that spending.
- ▶ Decision to spend
 - ▶ Non-ARPA considerations - one-time or ongoing expenditures, timing, effects on property tax rate.
 - ▶ Document how expenditure fits applicable ARPA category, non-duplicative, etc.
 - ▶ Establish compliance requirements.
 - ▶ Ensure required reporting information will be obtained.
 - ▶ Authorize and expend funds.

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